

Message Text

CONFIDENTIAL

PAGE 01 STATE 057733

43

ORIGIN AID-59

INFO OCT-01 NEA-10 ISO-00 FEA-02 SS-20 EB-11 IGA-02 H-03

AGR-20 COME-00 TRSE-00 CIAE-00 INR-10 NSAE-00 RSC-01

NSC-07 /146 R

DRAFTED BY SER/COM:WCSCHMEISSER,JR.:PGS

APPROVED BY S - MR. OREMER

A/AID:LJONNES

FFP:AJMAIR

NEA/EG:LWSEMAKIS

P - JJSISCO

NEA - ALATHERTON

EB -JKATZ

S/S - WHLUERS

----- 057360

P 221713Z MAR 74

FM SECSTATE WASHDC

TO AMEMBASSY CAIRO PRIORITY

C O N F I D E N T I A L STATE 057733

E.O. 11652: N/A

TAGS:

SUBJECT: EGYPTIAN REQUEST FOR HELP IN PURCHASING
FERTILIZER

FOR AMBASSADOR FROM SECRETARY

REF: (A) CAIRO 1220 (B) CAIRO 1231

IN RESPONSE REFTELS, YOU MAY INFORM FOREIGN MINISTER FAHMY
THAT WE HAVE CANVASSED THE AMERICAN FERTILIZER INDUSTRY AND
THOSE AMERICAN COMPANIES ENGAGED IN INTERNATIONAL FERTIL-
IZER SALES AND HAVE THE FOLLOWING INFORMATION:

1. UREA, SULPHATE AND NITRATE AVAILABILITY IN THE UNITED
STATES IS TRADITIONALLY SHORT FROM FEBRUARY THROUGH MAY,
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 057733

WITH SUBSTANTIAL IMPORTS INTO THE U.S. BEING MADE DURING

THESE MONTHS. THIS YEAR, EVEN ALLOWING FOR SUCH IMPORTS AS WE HAVE BEEN ABLE TO OBTAIN, THE SHORTAGE OF FERTILIZER IN THE U.S. IS SO SERIOUS THAT THERE IS WIDESPREAD SENTIMENT IN OUR CONGRESS FOR PROPOSED LEGISLATION PROHIBITING ANY U.S. EXPORTS. WE TRUST THAT THIS LEGISLATION WILL NOT BE ENACTED, AND HOPE THAT SOME MODEST AMOUNTS OF FERTILIZER MAY BECOME AVAILABLE FOR EXPORT DURING THE SUMMER MONTHS. WE UNDERSTAND THAT WASHINGTON COUNSEL FOR THE GOE HAS BEEN DISCUSSING WITH ONE U.S. SUPPLIER THE POSSIBLE AVAILABILITY OF 30,000 TO 40,000 METRIC TONS OF AMMONIUM NITRATE, BUT

THAT THE SUPPLIER WILL NOT BE CERTAIN AS TO ITS AVAILABILITY FOR ABOUT THREE MORE WEEKS. WE WILL REMAIN IN TOUCH WITH GOE ON THIS MATTER AND WILL CONTINUE TO BE HELPFUL.

2- IT IS OUR UNDERSTANDING THAT EGYPT HAS TRADITIONALLY OBTAINED ITS NITROGENOUS FERTILIZERS, NOT FROM THE U.S. BUT FROM NEARBY EUROPEAN AND MIDDLE EASTERN SOURCES, EVEN THOUGH SOME OF THESE TRANSACTIONS HAVE BEEN HANDLED THROUGH AMERICAN FIRMS. WITH REGARD TO SUCH INTERNATIONAL AVAILABILITIES, WE ARE TOLD THAT ONE U.S. TRADING COMPANY--THE EXCLUSIVE AGENT FOR THE SAUDI ARABIAN FERTILIZER COMPANY--HAS RECENTLY SOLD 50,000 METRIC TONS OF BAGGED UREA TO THE GOE AND THAT THE FIRST OF FIVE VESSELS IS CURRENTLY LOADING. ANOTHER U.S. COMPANY HAS JUST CLOSED A TRANSACTION FOR 10,000 METRIC TONS OF AMMONIUM SULFATE OF EUROPEAN ORIGIN FOR APRIL SHIPMENT. THIS SAME COMPANY HAS OFFERED 100,000 METRIC TONS OF AMMONIUM SULFATE FROM EUROPE FOR DELIVERY OVER THE NEXT YEAR AT DOLS 153 A METRIC TON DELIVERED (C AND F), BUT THE OFFER HAS YET TO BE ACCEPTED BY THE GOE. FINALLY, WE ARE TOLD THAT, WITHIN THE LAST SEVERAL DAYS, AN EGYPTIAN PURCHASING MISSION HAS CLOSED A TRANSACTION WITH UNIFORT BEIRUT FOR AN UNDETERMINED AMOUNT OF UREA FROM EUROPE.

3. IN STAFF DISCUSSIONS WITH THE TRADING COMMUNITY, WE RECEIVE THE IMPRESSION THAT THE GOE PURCHASING MISSIONS--AS HAS BEEN THE CASE WITH OUR OWN--HAVE NOT FULLY ADAPTED THEIR PROCEDURES TO THE NEW CONDITIONS IN THIS WORLD SHORTAGE SITUATION, WITH ITS RAPIDLY CHANGING PRICES. FERTILIZER IS NOW BEING SOLD WITH OFFERS FIRM
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 057733

FOR ONLY TWENTY-FOUR TO FORTY-EIGHT HOURS, AND GOVERNMENTAL ENTITIES FIND IT DIFFICULT TO MOVE PROMPTLY ENOUGH IN THIS RISING MARKET. ALSO PRICES ARE AT LEVELS WHERE PURCHASING AGENTS ARE TEMPTED TO NEGOTIATE FOR FEAR OF CRITICISM. (FOR EXAMPLE, WE MUST AGREE THAT DOLS 153 PER TON C AND F IS AN EXCESSIVE PRICE FOR AMMONIUM SULPHATE WHEN VIEWED HISTORICALLY, BUT WE HAVE HEARD OF RECENT SPOT TRANSACTIONS CONSUMATED AT PRICES TWENTY

DOLLARS HIGHER.)

4. PLEASE ASSURE THE FOREIGN MINISTER THAT WE FULLY UNDERSTAND EGYPT'S URGENT NEED FOR FERTILIZER, THAT WE HAVE MADE THIS NEED AND HIS GOVERNMENT'S INTEREST AND READINESS TO BUY KNOWN TO THE U.S. COMPANIES, AND THAT WE SHALL CONTINUE TO USE OUR GOOD OFFICES TO SEE IF ADDITIONAL SUPPLIES OF FERTILIZER CAN BE MADE AVAILABLE TO THE GOE, PARTICULARLY FROM ITS TRADITIONAL SUPPLY SOURCES IN EUROPE AND THE MIDDLE EAST. KISSINGER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUPPLIES, IMPORTS, FERTILIZERS, BANK LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE057733
Document Source: CORE
Document Unique ID: 00
Drafter: WCSCHMEISSER,JR.:PGS
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740061-0967
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740328/aaaaazzm.tel
Line Count: 125
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN AID
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: (A) CAIRO 1220 (B) CAIRO 1231
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 13 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13-Aug-2002 by kelleyw0>; APPROVED <09 JAN 2003 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EGYPTIAN REQUEST FOR HELP IN PURCHASING FERTILIZER
TAGS: ETRD, EG, US
To: CAIRO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005